## Message Text

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R 102109Z JUL 78 FM SECSTATE WASHDC TO AMEMBASSY BUCHAREST

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E.O. 11652:N/A

TAGS: CPRS, EFIN, RO

SUBJECT: DECREE 223 PROPERTY CASES

REF: BUCHAREST 4539

1. DEPARTMENT WELCOMES THE ROMANIAN DECISION TO INSTITUTE A PROCEDURE WHICH WILL REPORTEDLY PROVIDE US CLAIMANTS WITH PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION FOR EXPROPRIATED PROPERTIES. WHILE WE WILL BE EXTREMELY INTERESTED TO SEE THE INDIVIDUAL SETTLEMENT OFFERS MADE BY THE GOR, DEPARTMENT FEELS THAT FINANCE MINISTER NICULESCU'S CLEAR COMMITMENT TO GO BEYOND DECREE 223 COMPENSATION LIMITS ESTABLISHES A SATISFACTORY BASIS FOR RESOLVING THE OUTSTANDING CLAIMS IN A MANNER WHICH SATISFIES THE PROVISIONS OF SECTION 502 OF THE TRADE ACT. LIMITED OFFICIAL USE

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WE EXPECT, OF COURSE, THAT THIS PROCEDURE WILL APPLY TO ALL PENDING DECREE 223 CASES, NOT JUST THE THREE CURRENTLY UNDER DISCUSSION.

2. IN WELCOMING GOR DECISION AS A POSITIVE STEP, EMBASSY CAN ASSURE GOR THAT WE APPRECIATE THIS PRACTICAL SOLUTION TO THE GOR'S LEGISLATIVE DILEMMA. WE WILL DO EVERYTHING

POSSIBLE TO MINIMIZE THE PUBLICITY ACCORDED THESE SETTLEMENTS. EMBASSY SHOULD MAKE CLEAR, HOWEVER, THAT IN VIEW OF

WIDE CONGRESSIONAL INTEREST IN THIS ISSUE, THERE IS NO WAY TO KEEP TOTALLY CONFIDENTIAL THE FACT THAT ROMANIA WILL BE MAKING COMPENSATION BEYOND DECREE 223 LIMITS IN CASES WHICH THEY HAVE PREVIOUSLY REFUSED TO SETTLE ON THAT BASIS. DEPARTMENT WILL EMPHASIZE IN ITS CONTACTS WITH CONGRESSIONAL OFFICES THAT RESOLUTION OF THIS ISSUE WAS MADE ON THE ASSUMPTION OF MINIMAL PUBLICITY. FURTHERMORE, WE WILL TRY TO ENSURE THAT THIS ISSUE IS NOT RAISED DURING SENATE HEARINGS ON JULY 12.

- 3. DEPARTMENT RESERVES ITS COMMENTS ON THE FORMULA WHICH FINANCE MINISTRY IS USING TO SET OBJECTIVE VALUATION FOR PROPERTIES. WE WOULD PREFER TO REVIEW SEVERAL SETTLEMENT OFFERS TO SEE HOW FINANCE MINISTRY WILL ACTUALLY IMPLEMENT THIS FORMULA BEFORE DETERMINING WHETHER SETTLEMENTS ARE INDEED "ADEQUATE" WITHIN THE MEANING OF SECTION 502.
- 4. DEPARTMENT COMMENDS AMBASSADOR AND EMBASSY FOR PERSISTENT AND APPARENTLY SUCCESSFUL EFFORTS IN WORKING TOWARD RESOLUTION OF THIS THORNY ISSUE. VANCE

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